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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION) DOCKET NO. _____
OF INDUSTRIAL SOLAR TECHNOLOGY)
CORPORATION FOR A VARIATION TO) APPLICATION FOR VARIATION
CERTAIN REQUIREMENTS OF THE) OF A.A.C. R14-2-1618(L)
ENVIRONMENTAL PORTFOLIO STANDARD)
RULE A.A.C. R14-2-1618(L).)

Pursuant to A.A.C. R14-2-1614(C), Industrial Solar Technology Corporation ("Industrial Solar" or "the Company"), an affected party under Title 14, Chapter 2, Article 16 of the Arizona Administrative Code, requests a variation to certain requirements of the Environmental Portfolio Standard Rule A.A.C. R14-2-1618(L). Industrial Solar's requested rule variation would allow the Company to sell renewable energy credit tags directly to Arizona Load-Serving Entities whom desire Solar Hot Water renewable energy credits in complying with the requirements of the Environmental Portfolio Standard. Industrial Solar's request for a variation is supported as follows:

1. Industrial Solar currently owns and maintains a Solar Water Heating System at the Federal Correctional Institution in Phoenix ("prison facility") located at 37900 North 45th Avenue. The Solar Water Heating System entered into service in March of 1999 and is one of the largest commercial Solar Water Heating Systems of its kind in the United States. Industrial Solar operates the Solar Water Heating System under a 20-year contract with the Federal Bureau of Prisons.

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1 2. Industrial Solar's Solar Water Heating System at the prison facility is
2 designed to displace electricity that would otherwise be used by the prison to heat its water to
3 be used by the prison's 1,200 inmates and staff. The hot water generated by the Solar Water
4 Heating System is monitored and sold to the prison at a price ten percent (10%) less than the
5 cost of electricity provided by the prison facility's current Load-Serving Entity. The Solar
6 Water Heating System consists of 18,000 square feet (gross aperture area) of tracking
7 parabolic trough solar collectors. Energy collected in the solar collector field is transferred to
8 hot water tanks with a total volume of 23,000 gallons. This allows hot water to be supplied to
9 the prison facility on a 24-hour per day basis. From the solar collector field the hot water is
10 tempered to a maximum temperature of 140 ° F before it is entered into the distribution piping
11 for delivery to the prison facility.
12

13 3. Industrial Solar's Solar Water Heating System provides seventh percent
14 (70%) of the annual hot water used by the prison facility. Under peak conditions, the Solar
15 Water Heating System collects approximately 1 MW_{thermal}. Peak energy load is about 300
16 kW. The prison facility's electric bills show a reduction in the prison's demand for electric
17 power of approximately 200 kW since the time the Solar Water Heating System was installed
18 at the facility. During the summer months, the Solar Water Heating System actually has
19 excess thermal generating capacity.
20

21 4. The Solar Water Heating System at the prison facility utilizes electric
22 displacement technology. Because the system is large-scale, it is capable of generating
23 abundant Solar Hot Water renewable energy credits. Industrial Solar proposes to sell these
24 renewable energy credit tags to Arizona Load-Serving Entities whom may desire renewable
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1 energy credits to comply with the requirements of the Environmental Portfolio Standard.
2 Load-Serving Entities have expressed an interest in purchasing Industrial Solar's renewable
3 energy credit tags generated by the Solar Water Heating System at the prison facility in order
4 to help them meet the requirements of the Environmental Portfolio Standard.

5 5. Industrial Solar's proposal to sell renewable energy credit tags
6 generated at its 1 MW ^{thermal} Solar Water Heating System at the prison facility in Phoenix is
7 basically the same concept as Tucson Electric Power Company's ("TEP") well known
8 proposal to sell renewable energy credit tags generated at its 5 MW Landfill Gas project at the
9 utility's Irvington Generating Station in Tucson. However, unlike the Landfill Gas renewable
10 credits that can be sold directly to Load-Serving Entities by the provider, in order for a Load-
11 Serving Entity to acquire renewable energy credits from Solar Hot Water (as well as Solar Air
12 Conditioning) sources, A.A.C. R14-2-1618(L) requires the Load-Serving Entity to purchase
13 the entire Solar Water Heating System (or Solar Air Conditioning System) from the provider
14 in order to benefit from the renewable energy credits. This makes Solar Hot Water (and Solar
15 Air Conditioning) unviable as a source of renewable energy credits compared to Landfill Gas.

16 6. Industrial Solar's requested variation to A.A.C. R14-2-1618(L) is in the
17 public interest because it would allow Arizona's Load-Serving Entities the opportunity to
18 acquire renewable energy credit tags from Solar Hot Water (and Solar Air Conditioning) in
19 addition to the other renewable energy resources, such as Landfill Gas, already directly
20 tradable to the Load-Serving Entities under the Environmental Portfolio Standard.

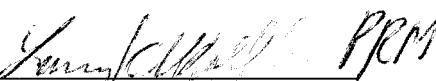
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1 7. Time is of the essence, however, because Industrial Solar cannot
2 follow-through with its proposals to provide Solar Hot Water renewable energy credits to
3 Load-Serving Entities until this request for a variation from the requirements of A.C.C. R14-
4 2-1618(L) is granted by the Commission.

5 WHEREFORE, Industrial Solar, having fully stated its Application and
6 showing that it is in the public interest for the Commission to grant the Company a variation
7 from the requirements of A.A.C. R14-2-1618(L), requests that the Commission enter its
8 expedited Order granting the variation to A.A.C. R14-2-1618(L) allowing Industrial Solar to
9 sell renewable energy credits, generated by its Solar Water Heating System at the Federal
10 Correctional Institution in Phoenix, directly to interested Arizona regulated Load-Serving
11 Entities.
12

13 DATED this 2nd day of March, 2001.

14 MARTINEZ & CURTIS, P.C.

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16
17 By 
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20 Phoenix, Arizona 85006-1090
21 Attorneys for Industrial Solar
22 Technology Corporation
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**An original and ten copies
of the foregoing, filed this
2nd day of March, 2001
with:**

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

1713/pleadings/IST Motion for waiver.030101